

14874
RECORDATION NO. _____, Filed 1425

DEC 31 1985 :12 25 PM

GULF & OHIO RAILWAYS, INC.
8200 Seven Islands Road
Knoxville, Tennessee 37920

INTERSTATE COMMERCE COMMISSION

December 30, 1985

Mr. James H. Bayne
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

RECEIVED
DEC 31 11 30 AM '85
OFFICE OF SECRETARY

Dear Mr. Bayne:

I have enclosed an original and one counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Mortgage, Deed of Trust and Security Agreement, dated as of December 30, 1985.

The names and addresses of the parties to the transaction are as follows:

Mortgagor:	Gulf & Ohio Railways, Inc. 8200 Seven Islands Road Knoxville, Tennessee 37920
Mortgagee:	General Electric Credit Corporation 1600 Summer Street Stamford, Connecticut 06905
Trustee:	F. Ewin Henson III Sullivan, Hunt, Spell & Henson 123 Court Street P.O. Box 1196 Clarksdale, Mississippi 38614

A description of the equipment covered by the document follows:

1. 1 Locomotive, Model GP-10 Ex ICG 8068

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MOTOR CREDIT

2. 1 Locomotive, Model GP-10 Ex ICG 8047
3. 1 Locomotive, Model GP-9
Ex SBD 2391
4. 1 Locomotive, Model SW-7 Ex ICG &
Delta Oil 1214
5. 1 Locomotive, Model GE 80 Ton
Ex Delta Oil 99
6. 1 Flat Car, Model IC 60769
7. 1 Caboose, Model ICG 199659

Pursuant to 49 C.F.R. Part 1177, please stamp the document described above with the date and hour of recordation, a recordation number and a notation to the effect that it has been filed pursuant to the provisions of Section 11303 of Title 49 of the United States Code. After performing these tasks, please retain the counterpart copy of this document in the Commission's files and return the original copy thereof to:

Reboul, MacMurray, Hewitt, Maynard
& Kristol
45 Rockefeller Plaza
New York, N.Y. 10111

Attn: Charles D. Uniman, Esq.


A short summary of the document to appear in the index as follows:

Mortgage, Deed of Trust and Security Agreement, dated as of December 30, 1985, by and between Gulf & Ohio Railways, Inc., a Tennessee corporation, F. Ewin Henson III, as Trustee, and General Electric Credit Corporation, a New York corporation, as beneficiary, and establishing a security interest in, among other things, five locomotives, one flat car and one caboose.

A check drawn to the order of the Interstate Commerce Commission for filing fees is enclosed.

Your cooperation is appreciated.

GULF & OHIO RAILWAYS, INC.

By: 
H. Peter Claussen
President

Interstate Commerce Commission
Washington, D.C. 20423

1/13/85

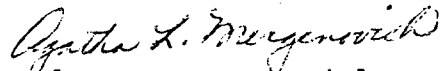
OFFICE OF THE SECRETARY

Reboul, MacMurray, Hewitt
Maynard & Kristol
45 Rockefeller Plaza
New York, N.Y. 10111
Attn: Charles D. Uniman, Esq.

Dear Sir

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/31/85 at 12:25pm, and assigned recordation number(s). 14874

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

DEC 31 1985 -12 25 PM

INTERSTATE COMMERCE COMMISSION

RECEIVED

DEC 31 11 30 AM '85

MORTGAGE, DEED OF TRUST AND SECURITY AGREEMENT ^{ICC} SECRETARY

This indenture made and entered into the 30th day of December, 1985 by and between GULF & OHIO RAILWAYS, INC., a Tennessee corporation, as grantor (hereinafter called the "Railway Company"), F. EWIN HENSON, III, as trustee (hereinafter called the "Trustee"), and GENERAL ELECTRIC CREDIT CORPORATION, a New York corporation, as beneficiary (hereinafter called "GECC").

WHEREAS, the Railway Company has been duly organized under the laws of the State of Tennessee; and

WHEREAS, the Railway Company, pursuant to a Purchase and Sale Agreement, made as of the 30th day of December, 1985, by and between Illinois Central Gulf Railroad Company, a Delaware corporation (hereinafter called "ICG"), and the Railway Company (hereinafter called the "Purchase and Sale Agreement") and a Lease, made as of the 30th day of December, 1985, by and between ICG and the Railway Company (hereinafter called the "ICG Lease"), proposes, promptly after execution and delivery hereof, to acquire and operate certain lines of railroad and other properties now owned by ICG and located in the State of Mississippi; and

WHEREAS, the Railway Company, as evidenced by a Bill of Sale, dated December 30, 1985, from Delta Oil Mills, a Mississippi corporation (hereinafter called "DOM"), to the Railway Company (hereinafter called the "Bill of Sale") and pursuant to a Lease Agreement, made as of the 30th day of December, 1985, by and between DOM and the Railway Company (hereinafter called the "DOM Lease"), also proposes, promptly after execution and delivery hereof, to acquire and operate certain other lines of railroad and other properties now owned by DOM and located in the State of Mississippi; and

WHEREAS, the Railway Company, for the purposes of acquiring said lines of railroad and certain other property and rights appertaining thereto (including, without limitation, the locomotives and other rolling stock described in Annex II to this Mortgage (as hereinafter defined) and the leasehold rights and estates created by the leases described in Annex V to this Mortgage) and in order to provide for other proper corporate purposes, present and future, has determined to create and issue, in the manner and form provided by a Note Purchase

Agreement, dated December 30, 1985 (hereinafter called the "Agreement"), between the Railway Company and GECC, certain notes of the Railway Company to be known (as defined in the Agreement) as the \$450,000 Senior Notes and the \$400,000 Senior Notes, each due December 29, 1991 and each bearing interest on the unpaid principal thereof from time to time outstanding at a varying rate equal to the Index Rate (as hereinafter defined) then in effect plus 2.75% per annum, commencing January 31, 1986, until such principal sum, and each installment thereof, shall have become due and payable and to pay interest on demand at a varying rate equal to the Index Rate then in effect plus 5% per annum on any overdue principal and, to the extent permitted by law, on any overdue interest from the due date thereof until the obligation of the Railway Company with respect to the payment thereof has been discharged (hereinafter collectively called the "Notes") in the original aggregate principal amount of \$850,000 (the term "Index Rate" meaning a rate per annum equal to the highest of the prime (or equivalent) per annum rate of interest publicly announced from time to time by Citibank N.A., Bankers Trust Company and Manufacturers Hanover Trust Company as its prime (or equivalent) rate of interest charged to its prime commercial customers for 90-day unsecured loans); and

WHEREAS, in order to provide for and to secure the full and prompt payment to GECC of all money which may be presently due and owing and all moneys which shall in the future become due and owing from Borrower to GECC whether under or by reason of the Notes, the Agreement, this Mortgage (as hereinafter defined) or under or by reason of any other agreement or transaction of any kind or nature between the Railway Company and GECC, or the assignees of GECC, including, but not limited to, any loans or advances, whether otherwise secured or unsecured; forebearances; extensions of time; extensions of credit; sales or mortgages of either real or personal property or both; notes; discounts; bonds; debentures; checks; drafts; bills of exchange; trade acceptances; letters of credit; trust receipts; assignments; transfers; conveyances; endorsements; guaranties; pledges; collateral agreements; factor's or other liens; financing agreements; warehousing agreements; warehouse receipts and security interests of all kinds and any agreements relating to any of the foregoing (collectively the "Liabilities"), the Railway Company, in pursuance of resolutions of the Board of Directors of the Railway Company duly adopted by the Board of Directors of the Railway Company, at a meeting thereof duly called and held in accordance with law and with the By-Laws of the Railway Company, has determined to execute and

deliver to the Trustee a mortgage, deed of trust and security agreement and, at said meeting of the Board of Directors of the Railway Company, the form of this Mortgage, Deed of Trust and Security Agreement (hereinafter called this "Mortgage") was approved and the execution and delivery of this Mortgage duly authorized and directed; and

WHEREAS, all requirements of law and of the Certificate of Incorporation and the By-Laws of the Railway Company have been duly complied with, and all things necessary to make the Notes, when executed by the Railway Company, the valid and binding obligations of the Railway Company, and to make this Mortgage a valid and binding mortgage, deed of trust and security agreement for the security of the Notes and the other Liabilities, have been done and performed;

NOW, THEREFORE, WITNESSETH that in order to secure the payment of the Notes at any time issued and outstanding under the Agreement, according to their tenor, purport and effect, as well the interest and any premium thereon, and to secure the payment of any and all other Liabilities provided in the Agreement, the Notes, this Mortgage or otherwise provided, and the performance and observance of all the covenants and conditions contained herein and in the Notes and the Agreement (all such obligations to pay, perform and observe being hereinafter called the "Obligations"), and for and in consideration of the premises and of the purchase of the Notes by the holder thereof, and of the sum of One hundred Dollars, lawful money of the United State of America, to the Railway Company duly paid by the Trustee at or before the execution and delivery of this Mortgage, the receipt whereof is hereby acknowledged, the Railway Company has executed and delivered this Mortgage, and has granted, bargained, sold, aliened, remised, released, conveyed, confirmed, pledged, created a security interest in, assigned, transferred, warranted and set over, with power of sale (collectively, "Mortgaged"), and by these presents does grant, bargain, sell, alien, remise, release, convey, confirm, pledge, create a security interest in, assign, transfer, warrant and set over (collectively, "Mortgage") unto the Trustee, its successors and their respective assigns in trust, with power of sale, for the equal and proportionate use, benefit and security of all and singular the Persons (as such term is defined in the Agreement), who shall from time to time be entitled to the benefit of the Obligations, including, without limitation, GECC, its successors and assigns, and the holders of any of the Notes (hereinafter collectively the "Noteholders"), and without preference of any of the Notes over any other or others of the

Notes by reason of priority in the time of issue or negotiation thereof or otherwise, subject to the terms, provisions and stipulations in the Notes, in the Agreement and in this Mortgage contained, and for the uses and purposes and upon and subject to the terms, conditions, provisos and agreements hereinafter expressed and declared, all estate, right, title and interest to or in respect of the following real and personal property (hereinafter collectively called the "Collateral").

FIRST. Any and all property and rights of every kind and description acquired or to be acquired as hereinbefore recited by the Railway Company from ICG under the Purchase and Sale Agreement and the ICG Lease and from DOM as evidenced by the Bill of Sale and under the DOM Lease, including, without limitation, the lines of railroad and any and all other lot(s), piece(s) or parcel(s) of land, other properties and rights described in Annex I to this Mortgage.

SECOND. Any and all property and rights, of every kind and description, owned, acquired or to be owned or acquired by the Railway Company on the date of the execution and delivery of this Mortgage, or thereafter acquired by it, or now held or acquired or hereafter held or acquired for use or used upon or in connection with, or appertaining to, any of the lines of railroad or other property which, or any right, title or interest therein which, shall at any time be subject to this Mortgage, including, without limitation:

(a) all lot(s), piece(s) or parcel(s) of land, rights of way, roadbeds, station and depot grounds, all inclines, tunnels, culverts, spurs, tracks, turnouts, switches, sidings and turntables, all superstructures, bridges, ties, rails, frogs, chairs, bolts, tie plates, splices, signals and signal apparatus, interlocking devices and other railroad appurtenances, all telegraph, telephone and electric power transmission lines, including all wires, cables, poles, batteries, conduits, ducts, viaducts, cross overs, anchors, subways, power plants, turbines, flumes, pipes, generators, motors, switchboards and other instruments, all stations or facilities for wireless communication and signalling, all depots, roundhouses, terminals and terminal property and facilities, all station houses, office buildings, warehouses, elevators, freight houses, engine houses, car houses, repair shops, tower houses, yard buildings, water stations, water tanks, water supply, water power sites, fuel stations, fuel tanks, fuel supply, machine shops and other structures,

all locomotives, engines, tenders, tampers, cars, buses, trucks and other rolling stock and equipment including, without limitation, all such locomotives, engines, tenders, tampers, cars and other rolling stock described in Annex II to this Mortgage (and equity therein), all walls, fences, wharves, docks, piers and landings, steamers and steamships, ferries, boats, barges, tugs and other floating equipment, all machinery, tools, implements and other railroad appliances, apparatus and facilities, materials and supplies, and all other physical property held or acquired or hereafter held or acquired for use or used upon or in connection with, or appertaining to, any of said lines of railroad or other properties; and

(b) all present and future leasehold rights and estates or subleasehold rights and estates, as the case may be, including, without limitation, the leasehold rights and estates in the land described in Annexes III and IV to this Mortgage, which leasehold estates were created by the leases described in Annex V to this Mortgage (such leases being collectively referred to as the "Mortgaged Leases"), together with any and all right, title and interest of the Railway Company (now held, owned or acquired, or hereafter held, owned or acquired) in and to (i) the Mortgaged Leases and all modifications, amendments, consolidations, extensions or renewals thereof, (ii) any right, option or privilege to renew the Mortgaged Leases for any succeeding or other term(s), and (iii) any ownership or holding interest in, or rights or options to purchase, said land, including, without limitation, any and all lot(s), piece(s) or parcel(s) thereof, when the same become the property of the Railway Company; and

(c) all corporate rights, privileges, immunities and franchises, powers, licenses, easements, rights-of-way, leases of lines of railroad or other property, trackage, terminal, running and traffic rights, interests, including oil, gas and other mineral interests and rights, benefits, advantages, privileges, contracts and general intangible (as that term is used in the applicable Uniform Commercial Code including, without limitation, all intangible personal property of the Railway Company of every kind and nature, including further, without limitation, choses in action, causes of action, judgments, tax refund claims, claims under guaranties, security interests or other security held by, granted to or otherwise acquired by the Railway Company to secure payment of any of the property

referred to in subparagraph (e) of this paragraph SECOND by an obligor thereon, corporate or other business records, customer lists, documents, instruments, bills of lading, inventions, designs, patents, patent applications, trademarks, service marks, tradenames, trade secrets, good will, copyrights, registrations, licenses, franchises and computer programs now owned or hereafter acquired by the Railway Company), and all other agreements, appurtenances and rights, and all renewals and extensions thereof, and any and all warranties and other rights the Railway Company may have against dealers, manufacturers, contractors or subcontractors, the right to compel performance of the terms of any of the foregoing and all rights to exercise any election or option or to make any decision or determination or to give any notice, consent, waiver or approval thereunder or in respect thereof, all powers and remedies of the Railway Company arising thereunder or by statute or at law or in equity, or otherwise arising out of any default or breach thereof, all as though the Trustee were named therein instead of the Railway Company; and

(d) all goods, inventory, machinery, apparatus, equipment, tools, materials, supplies and all other tangible personal property now owned or hereafter acquired by the Railway Company, including, without limitation, all locomotives, engines, tenders, tampers, cars and other rolling stock described in Annex II to this Mortgage and including further, without limitation, all such property which is attached to, located on or used in connection with any of said lines of railroad or other property, together with all replacements, substitutions, attachments, parts (including spare parts), modifications, additions, improvements, upgrades and accessions of, to or upon said items of goods, inventory, machinery, apparatus, equipment, tools, materials, supplies and other tangible personal property; and

(e) all present and future accounts (as that term is used in the applicable Uniform Commercial Code) and other rights to receive the payment of money, including, without limitation, receivables, rights to receive the payment of money under present or future contracts, agreements, chattel paper, notes, drafts, and other forms of obligations and other instruments or documents (whether or not earned by performance) and all chattel paper (as that term is used in such Uniform Commercial Code); and

(f) any and all accesiones to, substitutions for, and all replacements, products and proceeds of the Collateral, including, without limitation, proceeds of and any unearned premiums on any insurance policies now or hereafter covering any part of the Collateral, including further, without limitation, the right to receive and apply the proceeds of any insurance, judgments or settlements made in lieu thereof; and

(g) any awards or payments, including interest thereon, which may be made with respect to any part of the Collateral, whether in connection with the exercise of the right of eminent domain (including any transfer made in lieu of the exercise of said right) or in connection with any other injury to or decrease in value of any part of the Collateral; and

(h) all other property, assets and things of value of every kind and nature, tangible or intangible, absolute or contingent, legal or equitable, which the Railway Company may be possessed of or entitled to; and

(i) the right, in the name of the Railway Company, to appear in and defend any action or proceeding brought with respect to the Collateral and to commence any action or proceeding to protect the interest of the Railway Company in the Collateral; and

(j) all books and records (including, without limitation, corporate or other business records, customer lists, credit files, computer programs, printouts and other computer materials and records) of the Railway Company pertaining to any of the Collateral, or any other aspect of the Railway Company's business or operations.

THIRD. Any and all additions, improvements and betterments to or upon or in connection with any and all lines of railraod, premises and property which, or any estate, right or title to or interest therein which, shall at any time be subject to this Mortgage, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in equity as in law, of the Railway Company of, in and to such lines of railroad, premises and property and every part and parcel thereof and of, in and to the appurtenances and franchises appertaining or hereafter to appertain thereto.

FOURTH. Any and all other property of every kind and description, including money, shares of stock, notes, bonds, deposits and other obligations, whether owned by the Railway Company at the date of the execution and delivery of this Mortgage or hereafter acquired by it.

FIFTH. Any and all property of every kind and description, including money, shares of stock, notes, bonds, deposits and other obligations, which from time to time after the date of the execution and delivery of this Mortgage by delivery or by writing of any kind shall have been Mortgaged by the Railway Company, or by anyone on its behalf, to the Trustee (who is hereby authorized to receive at any and all times any property as and for additional security for the payment, performance and observance of the Obligations and to hold and apply any and all such property subject to the terms hereof).

SIXTH. Any and all tolls, revenues, earnings, rents issues, profits, products, proceeds and other income in respect of all the foregoing.

TO HAVE AND TO HOLD the foregoing railroads, premises, properties, real and personal, rights, franchises, estates and appurtenances, hereby conveyed and assigned, or intended to be conveyed or assigned, unto the Trustee, its successors and their respective assigns in trust forever.

SUBJECT, HOWEVER, (a) as to the Collateral identified in Annex VI to this Mortgage, to the Lien (as such term is defined in the Agreement) described in Annex VII to this Mortgage, to the extent, but only to the extent, that in law such Lien shall constitute a Lien of record against any part of the Collateral prior to the lien of this Mortgage and (b) as to all Collateral, but only for a period of 60-days after the date hereof and no longer, any other Lien (hereinafter called an "Other Permitted Lien"), if any, of record against the Collateral to the extent, but only to the extent, in law any such Other Permitted Lien is prior to the Lien of this Mortgage (such Lien described in Annex VII to this Mortgage and any Other Permitted Lien being hereinafter collectively called "Permitted Encumbrances"); provided, however, that the Trustee upon the happening of any Event of Default (as such term is defined in the Notes) shall have and may exercise any and all rights of the Railway Company to terminate any such Permitted Encumbrances.

ARTICLE I

Certain Representations and Covenants

SECTION 1.1. Further Assurances. All Collateral, by this Mortgage covenanted to be Mortgaged,, and any Collateral at any time acquired by the Railway Company and required by this Mortgage to be Mortgaged shall, immediately upon the acquisition thereof by the Railway Company and without any further act, become and be subject to the lien of this Mortgage as fully and completely as though now owned by the Railway Company and specifically described in the Granting Clauses hereof; but, at any and all times, the Railway Company will make and deliver any and all such further assurances or conveyances or assignments thereof as the Trustee may reasonably require, for the purpose of expressly and specifically subjecting the same to the lien of this Mortgage; and the Railway Company will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such further acts, deeds, conveyances, transfers and assurances as shall be necessary or reasonable requested by the Trustee for such purpose; provided, however, that no delivery of money or deposits shall be requested unless and until under any Note an Event of Default (as defined therein) shall occur and be continuing.

SECTION 1.2. Title to Collateral; Liens. The Railway Company represents, warrants, covenants and agrees that it is lawfully seized and possessed of said Collateral herein Mortgaged, including good title to all Collateral which is personal property, has a good right to Mortgage such Collateral; and that such Collateral is free from all Liens except the Permitted Encumbrances, and, except as aforesaid, warrants the title to same against the lawful claims of all Persons whomsoever.

Except for the Permitted Encumbrances, the Railway Company will not create or suffer to exist any Lien which would be prior to or on a parity with the lien of this Mortgage upon the Collateral, or any part thereof, or upon the income thereof. The Railway Company will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, promptly and in any case prior to the due date thereof, all lawful claims and demands of mechanics, laborers and others which, if unpaid, might by law be entitled to a lien or charge upon the Collateral or some part thereof, or the income thereof. The Railway Company will also cause to be terminated as soon as practicable, but in no event later than the expiration of the

60-day period commencing on the date hereof, each and every Other Permitted Lien.

SECTION 1.3. Maintenance of Collateral; Insurance.

The Railway Company will at all times (a) diligently preserve all the rights and franchises to it granted and upon it conferred, (b) maintain, preserve and keep the rolling stock, fixtures, appurtenances and other Collateral subject to this Mortgage in good repair, working order and condition, (c) keep the railroads, premises and other Collateral subject to this Mortgage supplied with all necessary motive power, rolling stock and equipment and (d) make all needful or appropriate repairs, renewals and replacements, alterations, additions, betterments and improvements. The Railway Company will at all times preserve its corporate existence. The Railway Company will maintain and cause to be maintained, with financially sound and reputable insurers, insurance with respect to the Collateral and its business against loss or damage of the kinds customarily insured against by corporations of established reputation engaged in the same or similar businesses and similarly situated, of such types and in such amounts as are customarily carried under similar circumstances by such other corporations; provided, however, that the Railway Company will at all times maintain such insurance as GECC or the Trustee shall reasonably require.

SECTION 1.4. Recording of Mortgage.

The Railway Company, at its own cost and expense, will cause this Mortgage, and will execute and cause all mortgages, amendments and instruments supplemental hereto and all financing statements and other documents, to be recorded and filed and to be kept recorded and filed in such manner, at such times and in such places as may be required by law or necessary or advisable or reasonably requested by the Trustee in order fully to establish, preserve, protect and perfect the first and prior lien of this Mortgage, the security of any Noteholders and the rights of GECC, the Trustee and all other Persons entitled to the benefit of the Obligations.

ARTICLE II

Remedies and Other Rights

SECTION 2.1. Remedies. If there shall occur and be continuing under any Note an Event of Default (as defined therein), then and in each and every such case the Trustee,

personally, or by its agents or attorneys, may, at the expense of the Railway Company and the Collateral, at any time and from time to time:

(a) enter into and upon all or any part of the Collateral, including the railroads, rolling stock, property and premises, lands, rights, interests and franchises hereby Mortgaged or intended so to be, and each and every part thereof, and exclude the Railway Company therefrom; use, operate, manage and control all or any part of the Collateral, regulate the tolls for the transportation of passengers and freight thereon, and conduct the business thereof; by purchase, repairs or construction, maintain and restore, and insure or keep insured, all or any part of the Collateral and any property used in connection with all or any part of the Collateral, or convert all or any part of the Collateral to any other use which the Trustee shall in its sole discretion determine; make all necessary, useful or proper repairs, renewals, replacements, alterations, additions, betterments and improvements, as the Trustee may in its sole discretion determine; manage the Collateral and carry on the business and exercise all rights and powers of the Railway Company, either in the name of the Railway Company or otherwise, as the Trustee shall in its sole discretion determine; and collect and receive all tools, earnings, income, rents, issues, profits and proceeds of the same and every part thereof; or

(b) foreclosure upon real property or interests in real property conveyed hereby by offering the same at public auction to the highest bidder for cash to satisfy the Obligations after having published and posted notices of the time, place and terms of the sale as required by law, Railway Company agreeing that any such sale may be held in Coahoma County, Mississippi and the proceeds of any such sale to be applied as specified hereinafter in Section 2.6; or

(c) except as may be otherwise expressly provided in subparagraph (b) of this Section 2.1 in respect of real property or interests in real property, foreclose upon, sell, assign, transfer and deliver, subject to any or all then existing Liens thereon, all or any portion of the Collateral, including all the rights, title, estates, railroads, equipment, inventory, receivables, franchises, leases, leasehold interest, contracts and appurtenances, stocks, bonds, and all other property of every name and

nature, and all or any estate, right, title and interest, claim and demand therein, and right of redemption thereof, at any private sale or public auction with or without demand, advertisement or notice (except as may be required by applicable law) of the date, time and place of sale and any adjournment thereof, for cash or credit or other property, for immediate or future delivery and for such price or prices and on such terms as the Trustee, in its sole discretion, may determine, or as may be required by applicable law; or

(d) proceed to protect and to enforce its rights and the rights of GECC, the Noteholders and all other Persons entitled to the benefit of the Obligations under this Mortgage, by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement contained herein or in the Purchase and Sale Agreement, the Agreement or the Notes, or in aid of the execution of any power herein or therein granted, or for the foreclosure of this Mortgage, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee shall deem effectual to protect and enforce any of its rights or duties under this Mortgage or the rights of GECC, the Noteholders and all other Persons entitled to the benefit of the Obligations; or

(e) exercise any rights or remedies given to secured parties under the applicable Uniform Commercial Code or exercise the Statutory Power of Sale or any other right given to mortgagees under any applicable law; the Railway Company agreeing that 15 days' prior written notice of the time and place of any public sale of the time after which a private sale of all or any portion of the Collateral may be made is reasonable for all purposes of such Uniform Commercial Code; or

(f) exercise any remedies available under the Notes; or

(g) any combination of the foregoing.

SECTION 2.2. Direction by GECC or Noteholders. Notwithstanding anything herein to the contrary, the Trustee (a) shall not exercise, or waive the exercise of, any of its rights or remedies under this Mortgage (other than its right to reimbursement) except upon the request of GECC or the holders of two-thirds in principal amount of the Notes then

outstanding, and (b) shall exercise, or waive the exercise of, any or all of such rights or remedies upon the request of GECC or such holders and at the direction of GECC or such holders as to the manner of such exercise or waiver, provided that the Trustee shall have the right to decline to follow any such request or direction if the Trustee shall be advised by counsel that the action or proceeding, or manner thereof, so directed may not lawfully be taken or waived.

SECTION 2.3. Power to Convey Title. Upon any conveyance, assignment or transfer under this Mortgage, the Trustee shall have the power to execute and deliver to the accepted purchaser or purchasers a good and sufficient deed or deeds and other instruments conveying, assigning and transferring the Collateral sold. The Trustee, its successors in trust and their respective assigns hereby are irrevocably appointed the true and lawful attorneys of the Railway Company, in its name and stead, to make all such conveyances, assignments and transfers of the Collateral; and, for that purpose, the Trustee, its successors in trust and their respective assigns may execute all requisite deeds and instruments of conveyance, assignment and transfer, and may, with the approval of GECC, substitute one or more Persons with like power; the Railway Company hereby ratifying and confirming all that its said attorneys or such substitute or substitutes shall lawfully do by virtue hereof. Nevertheless, the Railway Company shall, if so requested by the Trustee, ratify and confirm any conveyance, assignment or transfer by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be requested by the Trustee.

SECTION 2.4. Effect of Sale. Any conveyance, assignment or transfer made under or by virtue of this Mortgage, whether under the power of sale herein granted and conferred or under or by virtue of judicial proceedings, shall operate to divest all estate, right, title, interest, claim and demand whatsoever, either at law or in equity, of the Railway Company of, in and to the Collateral so conveyed, assigned or transferred, and shall be a perpetual bar, both at law and in equity, against the Railway Company, its successors and assigns, and against any and all persons claiming or to claim the Collateral conveyed, assigned or transferred, from, through or under the Railway Company, its successors or assigns.

SECTION 2.5. Purchaser Discharged. The receipt of the Trustee for the consideration paid at any such conveyance, assignment or transfer shall be a sufficient discharge therefor

to any purchaser of the Collateral; and no such purchaser or his representatives, grantees or assigns, after paying such consideration and receiving such receipt, shall be bound to see to the application of such consideration or any part thereof upon or for any trust or purpose of this Mortgage, or in any manner whatsoever be answerable for any loss, misapplication or nonapplication of any such consideration or any part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

SECTION 2.6. Application of Proceeds. The proceeds of any exercise of remedies hereunder, whether made under the right of entry or the power of sale herein granted or pursuant to judicial proceedings or otherwise, together with any other sums which then may be held by the Trustee under any of the provisions of this Mortgage, shall be applied as follows:

FIRST. To the payment of the costs and expenses of the Trustee, its agents, attorneys and counsel, and of all expenses, liabilities and advances made or incurred by the Trustee in managing and maintaining the Collateral, the costs and expenses of effecting any conveyance, assignment or transfer hereunder and to the payment of all taxes, assessments or other Liens, except Liens subject to which any Collateral shall have been sold;

SECOND. To the payment of any and all amounts then due and owing and unpaid to GECC pursuant to the Agreement;

THIRD. To the payment of the whole amount then due and owing or accrued and unpaid upon the Notes for principal and interest accrued to the date of distribution, and, in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the Notes, then to the payment of the principal of and interest accrued to the date of distribution on the Notes, without preference or priority of any Note over any other Note, or of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and accrued and unpaid interest;

FOURTH. To the payment of any and all other Obligations at the time due and owing to the Persons entitled thereto;

FIFTH. If the Notes shall not have been paid in full pursuant to the preceding paragraph Third, to the Trustee to be held as additional Collateral; and

SIXTH. To the payment of the surplus, if any, to the Railway Company, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

SECTION 2.7. Waiver of Rights. The Railway Company agrees, to the fullest extent allowed by applicable law, that it will not at any time insist upon or plead, or in any manner whatever claim, or take the benefit or advantage of, any stay or extension law, now or at any time hereafter in force providing for the valuation or appraisal of the Collateral, or any part thereof, prior to any disposition thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor will it insist upon, or be entitled to, the fixing of an upset price upon the Collateral, or any part thereof, in connection with any such sale; nor after any such disposition will it claim or exercise any right under any statute heretofore or hereafter enacted, or otherwise, to redeem the Collateral so sold or any part thereof; and the Railway Company, for itself and all Persons claiming under or through it, hereby expressly waives, to the fullest extent allowed by applicable law, all such rights and all benefit and advantage of any such law or laws, and it covenants and agrees, to the fullest extent allowed by applicable law, that it will not hinder, delay or impede the execution of any power herein granted or delegated to the Trustee, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted. In addition, the Railway Company, for itself and all Persons claiming under or through it, to the fullest extent allowed by applicable law, hereby (a) agrees that, if any Collateral proposed to be conveyed, assigned or transferred hereunder should be situated in two or more states, counties or judicial districts, the Trustee and its successor in trust shall have full power in connection with such conveyance, assignment or sale to select in which state, county or judicial district any or all such Collateral shall be conveyed, assigned or transferred, (b) waives the provisions of Miss. Code Ann. Sec. 89-1-55 (1972), any amendments thereto and any similar provisions of law heretofore or hereafter enacted in Mississippi or any other jurisdiction in which Collateral is located, insofar as such statute or laws restrict the right of the Trustee to offer for sale more than a specified amount of the Collateral,

and the Trustee may offer for sale any or all Collateral at any time regardless of the manner in which it may be described and (c) waives the provisions of Miss. Code Ann. Sec. 89-5-17 (1972), any amendments thereto and any similar provisions of law heretofore or hereafter enacted in Mississippi or any other jurisdiction in which Collateral is located.

SECTION 2.8. Delay Not Waiver. No delay or omission of the Trustee or GECC or of any Noteholder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default, or an acquiescence therein; and every power and remedy given by this Mortgage may be exercised from time to time, and as often as may be deemed expedient, by the Trustee.

SECTION 2.9. Abandonment Not Waiver. In case the Trustee shall have proceeded to enforce any right under this Mortgage by foreclosure, entry or otherwise, and such proceeding shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Trustee, then, and in every such case, the Railway Company and the Trustee shall severally and respectively be restored to their former positions and rights hereunder in respect of the Collateral, and all rights, remedies and powers of the Trustee and of the Railway Company shall continue as though no such proceedings had been taken.

SECTION 2.10. Right to Buy at Sale. To the fullest extent allowed by applicable law, the Trustee, GECC, any Noteholder or any other Person entitled to the benefit of any Obligation may be a purchaser of the Collateral or any part thereof or any interest therein at any sale thereof, whether pursuant to foreclosure or power of sale or otherwise. The Trustee may apply against the purchase price therefor the amount then due in respect of the Obligations, and any other Person entitled to the payment of any Obligation may apply against the purchase price therefor the amount thereof then due and owing to such Person, the payment of which this Mortgage by its terms secures, which shall, upon distribution of the net proceeds of such sale, be payable to such Person. The Trustee or any such Person shall, upon any such purchase, acquire good title to the property so purchased, free of the lien of this Mortgage.

SECTION 2.11. Appointment of Receiver. The Trustee shall, as a matter of right, be entitled to the appointment of

a receiver (who may be the Trustee or any successor or nominee thereof) for all or any part of the Collateral, whether such receivership be incidental to a proposed sale of Collateral or the taking of possession thereof or otherwise, and the Railway Company hereby consents to the appointment of such a receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Collateral shall be entitled to exercise all the rights and powers with respect to the Collateral to the extent instructed to do so by the Trustee.

ARTICLE III

Concerning the Trustee

SECTION 3.1. Acceptance of Trusts; Duties. By delivery and recordation of this Mortgage and without any further act on its part, the Trustee hereby accepts the trust of this Mortgage and agrees to execute the terms and conditions hereof, including the following, to which the parties hereto and the Persons entitled to the benefit of the Obligations agree:

(a) this Mortgage need not be recorded, registered or filed or rerecorded, reregistered or refiled by the Trustee;

(b) the Trustee shall be entitled to reasonable compensation for all services rendered by it in the execution of the trusts hereby created, and such compensation, as well as the reasonable compensation of its counsel and of such Persons as they may employ in the administration or management of the trust, and all other reasonable expenses necessarily incurred and actually disbursed hereunder, the Railway Company agrees to pay, and for such payment the Trustee shall have a lien on the Collateral prior to the rights and claims of the Persons entitled to the benefit of the Obligations;

(c) the Trustee shall not be responsible in any manner whatsoever for the recitals herein contained, all of which are made solely by the Railway Company;

(d) the Trustee shall not, in his capacity as such, be responsible for, or in respect of, the validity or sufficiency of this Mortgage or the execution hereof by the Railway Company or the title of the Railway Company to, or the value of, the Collateral;

(e) unless and until the Trustee shall have received written notice to the contrary from any Person entitled to the benefit of any Obligation, the Trustee may, for all purposes of this Mortgage, assume that the Railway Company is not in default under this Mortgage and that no Event of Default has occurred;

(f) the Trustee shall not be under any obligation to take any action toward the execution or enforcement of the trusts hereby created which, in its opinion, will be likely to involve it in cost, expense or liability, unless one or more of the Persons entitled to the benefit of the Obligations shall, as often as reasonably required by the Trustee, furnish it reasonably adequate security and indemnity against such costs, expenses or liabilities, or unless it appears reasonably probable to the Trustee that the Collateral will be sufficient to enable the Trustee to compensate or reimburse itself from the Collateral by virtue of the lien given in paragraphs (b) and (i) of this Section; but the foregoing provisions are intended only for the protection of the Trustee and shall not be construed to limit or affect any discretion or power by any provision of this Mortgage given to the Trustee to take action in respect of any default or otherwise without notice or request;

(g) the Trustee shall be fully protected in acting upon or in accordance with any notice, request, receipt, consent, certificate or other instrument or paper believed by it to be genuine and to have been signed or presented by the proper Person or duly authorized or properly made;

(h) the Trustee may employ agents or attorneys-in-fact, and shall not be answerable for the default or misconduct of any agent or attorney appointed or employed and retained by it in pursuance hereof;

(i) the Trustee shall be reimbursed and indemnified by the Railway Company against any liability, loss, claims, demands or damage it may sustain or incur in the proper performance of its duties hereunder and shall have a lien upon the Collateral prior to the rights and claims of the Persons entitled to the benefit of the Obligations for any such liability, loss, claims, demands or damage;

(j) the Trustee may hold and own Notes and be employed by or affiliated with any other Persons entitled to

the benefit of the Obligations with the same rights which it would have if it were not Trustee hereunder;

(k) the Trustee may seek advice from legal counsel and shall be protected in respect of any action under this Mortgage taken in good faith by the Trustee in accordance with an opinion of counsel;

(l) the Trustee shall not, in his capacity as such, be liable for any error of judgment, nor for any act done or steps taken or omitted by it, nor for any mistake of fact or law, nor for anything which it may do or refrain from doing in connection herewith in good faith; and

(m) the Trustee may accept the certificate of the President or one of the Vice Presidents and the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer of the Railway Company as conclusive evidence of any fact or facts upon which any action by the Trustee may depend, or upon which it may desire to require information for the purposes of such action, unless some other method of procedure, or evidence or source of information is herein specifically provided for; and such certificate shall be full protection to the Trustee for any action taken upon the faith thereof.

SECTION 3.2. Resignation and Removal. Any trustee at the time acting hereunder may resign and be discharged from the trusts created by this Mortgage by giving to GECC and the Railway Company notice in writing of such resignation, specifying a date when such resignation shall take effect. Such resignation shall take effect on the date specified in said notice or on the earlier appointment, acceptance and qualification of a successor trustee or successor trustees, appointed as hereinafter provided.

Any trustee at the time acting hereunder may be removed at any time by an instrument in writing signed by GECC or the holders of a majority in principal amount of the Notes at the time outstanding, or their attorneys thereunto duly authorized. Upon resignation or removal, any trustee shall be entitled to the payment of reasonable charges for the services rendered by such trustee in the management of the trust.

SECTION 3.3. Appointment of Successor. In case at any time any trustee acting hereunder shall resign or shall be removed or otherwise shall become incapable of acting, or in

case a vacancy shall arise from any cause in the trusteeship under this Mortgage, a successor trustee or successor trustees may be appointed by GECC or, if GECC shall fail to act, by the holders of a majority in principal amount of the Notes then outstanding, by an instrument or concurrent instruments signed by GECC, such Noteholders or their attorneys-in-fact duly authorized.

Any successor trustee appointed hereunder shall execute, acknowledge and deliver to GECC and the Railway Company an instrument accepting such appointment hereunder, and thereupon such successor trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named as trustee herein; but nevertheless, on the written request of GECC, the Railway Company or of the successor trustee, the trustee ceasing to act shall, upon payment of its reasonable compensation and expenses, if any, execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the trustee so ceasing to act; and, upon request of any such successor trustee, the Railway Company shall make, execute, acknowledge and deliver any and all deeds, conveyances or other instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such estates, properties, rights, powers and duties. All the conveyances and instruments hereinbefore provided shall be made and provided at the expense of the Railway Company.

SECTION 3.4. Cotrustees. At any time or times, in order to conform to any legal requirement, the Trustee shall have power to appoint, and the Railway Company and the Trustee shall unite in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons, approved by the Trustee, either to act as cotrustee or cotrustees of all or any of the Collateral, jointly with the Trustee herein or its successors, or to act as separate trustee or trustees of any such Collateral, and in either case with such powers and authority as may be specified in the instrument of appointment.

SECTION 3.5. Disqualification. If by any present or future law in any jurisdiction which any Collateral may be situated, or in which it may be necessary to perform any act in the execution of the trusts hereby created, the Trustee may be or become incompetent or disqualified to act as a trustee

hereunder or to hold security upon Collateral situated therein, then the security hereunder and the Collateral in such jurisdiction shall be held by another trustee appointed pursuant to Section 3.4 as sole trustee (if then competent and qualified to act as such), and all acts required to be or which may be performed hereunder in such jurisdiction shall and may be performed by such other trustee acting alone.

SECTION 3.6. No Liability for Interest. The Trustee shall not be under any liability to pay interest on any moneys received or held by it pursuant to any provision of this Mortgage.

ARTICLE IV

Miscellaneous

SECTION 4.1. Nature of Instrument. This instrument may be construed as a mortgage, deed of trust, security agreement, chattel mortgage, conveyance, assignment, pledge, financing statement, hypothecation or contract, or any one or more of them, in order fully to effectuate the lien hereof and the purposes and agreements herein set forth.

SECTION 4.2. Termination. If all of the Obligations shall be paid, performed and discharged in full, the Trustee shall forthwith cause satisfaction and discharge of this Mortgage to be entered upon the record at the expense of the Railway Company and shall execute and deliver or cause to be executed and delivered such instruments of satisfaction and reassignment as may be appropriate, and this Mortgage shall become null and void, the Collateral shall revert to the Railway Company, and all powers and appointments granted herein shall cease and determine. Otherwise, this Mortgage shall remain and continue in full force and effect.

SECTION 4.3. Severability. If any provision hereof is invalid, illegal or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction and the remaining provisions hereof shall be liberally construed in favor of the Trustee in order to effectuate the provisions hereof, and the invalidity, illegality or unenforceability of any provision hereof in any jurisdiction shall not affect the validity, legality or enforceability of any such provision in any other jurisdiction.

SECTION 4.4. Survival. All agreements, representations and warranties made herein shall survive the execution and delivery of this Mortgage.

SECTION 4.5. Notices. Any notice or other communication herein required or permitted to be given shall be in writing and shall be sent in the manner and with the effect provided in the Agreement and the Notes. Any such notice or other communications to the Trustee shall be addressed to F. Ewin Henson, III, Esq., Sullivan, Hunt, Spell & Henson, 123 Court Street, P.O. Box 1196, Clarksdale, Mississippi 38614.

SECTION 4.6. Amendments and Waivers. No amendment, modification, termination or waiver or any provision of this Mortgage, or consent to any departure by the Railway Company therefrom, shall in any event be effective without the written concurrence of the Trustee. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on the Railway Company in any case shall entitle the Railway Company to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section shall be binding upon GECC, the holders from time to time of the Notes, all other Persons from time to time entitled to the benefit of the Obligations and, if signed by the Railway Company, the Railway Company. In the event of any such amendment, modification, termination, waiver or consent, the Railway Company shall give prompt notice thereof to GECC and all Noteholders and, if appropriate, notation thereof shall be made on all Notes thereafter surrendered for registration of transfer or exchange.

SECTION 4.7. Headings. Article and Section headings in this Mortgage are included herein for convenience of reference only and shall not constitute a part of this Mortgage for any other purpose or be given any substantive effect.

SECTION 4.8. Applicable Law. This Mortgage has been executed and delivered in New York, New York, and shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York, without regard to its conflict of law rules, except to the extent that the laws of other jurisdictions shall be mandatorily applicable hereto.

SECTION 4.9. Successor and Assigns. The terms and provisions of this Mortgage shall inure to the benefit of the Trustee, its successors and assigns, GECC, the holders from

time to time of the Notes and all other Persons from time to time entitled to the benefit of any Obligation. This Mortgage shall be binding upon the parties hereto, GECC, the holders of the Notes, all other Persons entitled to the benefits of the Obligations and their respective successors and assigns.

SECTION 4.10. Counterparts. This Mortgage and any amendments, waivers, consents or supplements may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, GULF & OHIO RAILWAYS, INC. has caused this Mortgage to be signed in its corporate name by its President.

GULF & OHIO RAILWAYS, INC.

By 

Name: H. Peter Claussen
Title: President

The name and address of the Railway Company is:

GULF & OHIO RAILWAYS, INC.
8200 SEVEN ISLAND ROAD
KNOXVILLE, TENNESSEE 37920

The name and address of the Trustee is:

F. EWIN HENSON, III, ESQ.
SULLIVAN, HUNT, SPELL & HENSON
123 COURT STREET
P.P. BOX 1196
CLARKSDALE, MISSISSIPPI 38614

The name and address of GECC is:

GENERAL ELECTRIC CREDIT CORPORATION
1600 SUMMER STREET
STAMFORD, CONNECTICUT 06905

ATTENTION: MANAGER-OPERATIONS
TRANSPORTATION AND
INDUSTRIAL FINANCING DIVISION

This instrument prepared by:

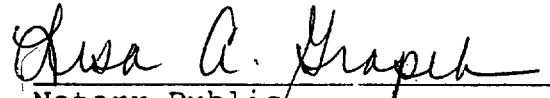
CHARLES D. UNIMAN, ESQ.
REBOUL, MacMURRAY, HEWITT,
MAYNARD & KRISTOL
45 ROCKEFELLER PLAZA
NEW YORK, NEW YORK 10111

ACKNOWLEDGEMENTS

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

I, the undersigned, a notary public in and for said county and said state, hereby certify that H. Peter Claussen whose name as President of Gulf & Ohio Railways, Inc., a Tennessee corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation on the day the same bears date.

Given under my hand and seal on this 30th day of December, 1985.


Notary Public
My Commission Expires:

(SEAL)

LISA A. GRAPEK
Notary Public, State of New York
No. 31-4799274
Qualified in New York County
Commission Expires March 30, 1986

Annex I

Coahoma and Tunica
Counties, Mississippi

Land and property situated in the Counties of Coahoma
and Tunica, Mississippi, more particularly described as follows:

All that portion of the right of way and property of the Illinois Central Gulf Railroad Company's "Tula, Mississippi to Clarksdale, Mississippi line" that extends in a general southerly direction on, over and across a portion of Coahoma County, Mississippi, said right of way varying in width and irregular in shape includes any and all trackage, buildings, fences, culverts, bridges and trestles, as well as all other Railroad owned improvements and fixtures situated thereon, and is described as follows: A 100' wide parcel lying 50' on either side of the centerline of the main track of the above referenced line of railroad and extending southerly from the North line of Fractional Section 14, T.30 N., R.3 W., Choctaw Meridian, at Railroad Mile Post L-55.43, being the common "Coahoma County - Tunica County" county line, on, over and across the E/2 said Section 14, the E/2 and W/2 Section 23, NW/4 Section 26, E/2 Sections 27 and 34, said T.30 N., R.3 W.; E/2 Section 3, SW/4 Section 2, NW/4 Section 11, E/2 Section 10, E/2 and SW/4 Section 15, S/2 Section 16, increasing to a 200' wide parcel across the NW/4 Section 21, and decreasing to a 100' wide parcel on, over and across the SW/4 Section 21, SE/4 Section 20, E/2 and SW/4 Section 29 and W/2 Section 32, T.29 N., R.3 W.; NW/4 Section 5, E/2 Section 6, E/2 and SW/4 Section 7, W/2 and SE/4 Section 18, NW/4 and E/2 Section 19 and E/2 Sections 30 and 31, T.28 N., R.3 W.; and E/2 Sections 6 and 7, T.27 N., R.3 W.; to a line perpendicular to said main track centerline at Mile Post L-74.0, said point situated 1220' southerly from the North line of the SE/4 said Section 7, T.27 N., R.3 W., as measured along said main track centerline; Excepting Therefrom, a strip of land off the Western portion thereof in the SE/4 Section 20, E/2 and SW/4 Section 29 and NW/4 Section 32, T.29 N., R.3 W., at Coahoma, and a strip of land off the Western portion thereof in the SE/4 Section 7, T.27 N., R.3 W., at Lyon, all as previously conveyed to W.S. Heaton, Jr. 2-24-1983.

ALSO INCLUDING, all interest to: A 132.1' x 2038.5' tract adjacent to the South line of the aforesaid 100' wide railroad right of way and a 229' x 600' tract adjacent to the North line of the aforesaid 100' wide railroad right of way all situated in SW/4 Section 15, T.29 N., R.3 W.; four tracts totaling 3.55 acres, situated two to the East and two to the West of the aforesaid 100' wide railroad right of way in SW/4 Section 16, T.29 N., R.3 W.; an 80' wide strip adjacent to the East line of the aforesaid 100' wide railroad right of way in the SE/4 Section 20, T.29 N., R.3 W., and extending South from the first street North of Walnut Street, Coahoma, Mississippi, a distance of 600'; an irregular shaped 0.83 acre tract situated adjacent to the East line of the aforesaid 100' wide railroad right of way in the S/2 Section 18, T.28 N., R.3 W.; and, a 100' x 300' tract situated adjacent to the East line of the aforesaid 100' wide railroad right of way in the NE/4 Section 30, T.28 N., R.3 W.

ALSO, at Lula, in Coahoma County, Mississippi, all that portion of the right of way and Wye property of Grantor's former Helena District ("Helena, Arkansas to Lula, Mississippi" line), situated in the N/2 NW/4 Section 26, SW/4 Section 23, and E/2 SE/4 Section 22, T.30 N., R.3 W., Choctaw Meridian, that lies West of a line parallel with and 50' normally distant northwesterly from the centerline of the main track of the aforescribed "Lula to Clarksdale" line and East of the East line of that 75' x 767' tract conveyed to Evla Mae P. Armistead 10-8-1981; said property including: All of the first parcel, all of the second parcel, and a portion of the fourth parcel of four parcels of land acquired from Lucy B. Lindsley 1-19-1903 (Deed Book 4 - Page 453), and all of two parcels of land acquired from Lucy B. Lindsley 10-8-1900 (Deed Book 1 - Page 423); less and except from the above described right-of-way and Wye property: All of that property conveyed to J.W.P. Fleming 6-24-1935; R.T. Hudson, Jr. 2-15-1967; Evla Mae P. Armistead 10-8-1981; and, E.T. Stricklen 8-30-1985.

ALSO, at Lyon, Coahoma County, Mississippi, all that portion of the right-of-way and property of Grantor's "Lula to Clarksdale" line situated in the N/2 NE/4 Section 18, T.27 N., R.3 W., Choctaw Meridian, that lies East of Main Street, North of Kay Street, South of Lyon Street, and West of a line parallel and/or concentric with and 25' normally distant westerly from the centerline of the main track of Grantor's aforesaid "Lula to Clarksdale" line.

GRANTEE agrees to maintain an unobstructed sight zone over and across the Easternmost 25' in equal width of the premises hereinabove conveyed at Lyon, in order to provide a clear view between rail, pedestrian and vehicular traffic approaching the existing grade crossings in Lyon Street and Bobo Street. This covenant shall run with the land and be binding upon the Grantee, its successors and assigns for so long as rail traffic is maintained and operated over said crossings.

All that portion of the right of way and property of the Illinois Central Gulf Railroad Company's "Lula, Mississippi to Clarksdale, Mississippi line" that extends in a general northerly direction on, over and across a portion of Tunica County, Mississippi, said right of way varying in width and irregular in shape includes any and all trackage, buildings, fences, culverts, bridges and trestles, as well as all other Railroad owned improvements and fixtures situated thereon, and is described as follows: A 100' wide parcel lying 50' on either side of the centerline of the main track of the above referenced line of railroad and extending northerly from the South line of Fractional Section 16, T.7 S., R.12 W., Chickasaw Meridian, at Railroad Mile Post L-55.43, being the common "Tunica County - Coahoma County" county line, on, over and across the SW/4 of said Fractional Section 16, a distance of 150' as measured along said main track centerline, to a line perpendicular to said main track centerline at Mile Post L-55.4.

Annex II

Locomotive, Model GP-10 Ex ICG 8068 ✓

Locomotive, Model GP-10 Ex ICG 8047 ✓

Locomotive, Model GP-9 Ex SBD 2391

Locomotive, Model SW-7 Ex ICG & Delta Oil 1214

Locomotive, Model GE 80 Ton Ex Delta Oil 99

Flat Car, Model IC 60769

Caboose, Model ICG 199659

Tamper, Model MT-50

Motorized Car, Model F7675

Motorized Car, Model F8157

Annex III

Coahoma County
Mississippi

Land and property situated in the County of Coahoma, Mississippi, more particularly described as follows:

The aforementioned railroad track and right of way running from Jonestown through Lula, Coahoma County, Mississippi extends 37.5 feet on either side of the center of the track now in place and is located in Sections 23, 25, 26, 36, Township 30 north, Range 3 west; Section 31, Township 30 north, Range 2 west; Sections 6, 7, 18, 19, Township 29 north, Range 2 west; Sections 24, 25, 30, Township 29 north, Range 3 west; Section 1, Township 28 north, Range 3 west and is more particularly described in that certain Deed from Illinois Central Gulf Railroad Company to Delta Oil Mill, dated March 3, 1983, as found of record in Book 511 at page 747 of the Land Deed Records of Coahoma County, Mississippi, which description is incorporated herein by reference.

Coahoma County and the
Second Judicial District of
Tallahatchie County,
Mississippi

Land and property situated in the County of Coahoma
and the Second Judicial District of the County of Tallahatchie,
Mississippi, more particularly described as follows:

All that portion of the right of way and property of the Illinois Central Gulf Railroad Company's former "Memphis, Tennessee to Cleveland, Mississippi" line that extends in a general southwesterly direction on, over and across a portion of Coahoma County, Mississippi, said right of way varying in width and irregular in shape includes any and all trackage, buildings, fences, culverts, bridges and trestles, as well as all other railroad owned improvements and fixtures situated thereon, and is described as follows: Begin at the point where a line that extends east to west perpendicular intersects, the centerline of the Illinois Central Gulf Railroad Company's main track at Mile Post L-74.0 in the SE/4 Section 7, T27N, R3W; and run southwesterly on, over and across said SE/4 Section 7 and the NE/4, NW/4 SE/4 and SW/4 Section 18, said T27N, R3W; S/2 SE/4 Section 13, NW/4 NE/4 and NW/4 Section 24, NE/4, NW/4 SE/4 and N/2 NW/4 Section 27 and NE/4 Section 28, T27N, R4W; approximately 5 miles to a line that extends northwest to southeast perpendicular to said main track centerline at Mile Post L-79.0 in said NW/4 Section 28, T27N, R4W; including, all interest to properties appurtenant to railroad operations at Lyon and Clarksdale, Mississippi; excepting therefrom, microwave and fueling facilities at Clarksdale, Mississippi.

All that portion of the right of way and property of the Illinois Central Gulf Railroad Company's Clarksdale, Mississippi to Swan Lake, Mississippi" line that extends in a general southeasterly direction on, over and across a portion of Coahoma County, Mississippi, said right of way varying in width and irregular in shape includes any and all trackage, buildings, fences, culverts, bridges and trestles, as well as all other railroad owned improvements and fixtures situated thereon, and is described as follows: Begin at a point of switch in the centerline of the main track of the Illinois Central Gulf Railroad Company's former "Memphis, Tennessee to Cleveland, Mississippi" line at Mile Post L-76.32 in the NW/4 Section 24, T27N, R4W; and run southeasterly along the aforesaid "Clarksdale to Swan Lake" line on, over and across the W/2 said Section 24, E/2 NW/4 and E/2 Section 25 and E/2 NE/4 Section 36, said T27N, R4W; W/2 Section 31, T27N, R3W; NE/4 NW/4 and E/2 Section 6, NE/4 NE/4 Section 7, W/2 Section 8, NE/4 NW/4 and E/2 Section 17, NE/4 NE/4 Section 20, W/2 Section 21, NE/4 NW/4 and E/2 Section 28, SW/4 SW/4 Section 27 and W/2 and SE/4 Section 34, T26N, R3W; and, NE/4 Section 3, W/2 Section 2, NE/4 NW/4 and E/2 Section 11, SW/4 SW/4 Section 12, W/2 and SE/4 Section 13, and NE/4 Section 24, T25N, R3W; approximately 16.18 miles to the east line of said NE/4 Section 24, T25N, R3W; at approximate "Clarksdale to Swan Lake" line Mile Post LT-90.5, being the common "Coahoma County - Tallahatchie County" county line; including, all interest to properties appurtenant to railroad operations at Clarksdale, Hopson, Durham, Lurand, Boone, Claremont, Mattson and Dublin, Mississippi; excepting therefrom, microwave and fueling facilities at Clarksdale, Mississippi.

All that portion of the right of way and property of the Illinois Central Gulf Railroad Company's "Clarksdale, Mississippi to Swan Lake, Mississippi" line that extends in a general southeasterly direction on, over and across a portion of Tallahatchie County, Mississippi, said right of way varying in width and irregular in shape includes any and all trackage, buildings, fences, culverts, bridges and trestles, as well as all other railroad owned improvements and fixtures situated thereon, and is described as follows: Begin at the point where the centerline of the main track of said "Clarksdale to Swan Lake" line intersects the west line of the NW/4 Section 19, T25N, R2W; at approximate railroad Mile Post LT-90.5, being the common "Tallahatchie County - Coahoma County" county line, and run southeasterly on, over and across the W/2 and SE/4 said Section 19, SW/4 SW/4 Section 20, NE/4 NE/4 Section 30, N/2 Section 29, SW/4 NW/4 and S/2 Section 28, SW/4 SW/4 Section 27, N/2 and SE/4 Section 34, and SW/4 Section 35, said T25N, R2W; N/2 and SE/4 Section 2, E/2 Section 11, S/2 Section 12 and N/2 Section 13, T24N, R2W; W/2 Section 18, NW/4 and E/2 Section 19, E/2 Section 30, SW/4 SW/4 Section 29, N/2 and SE/4 Section 32 and SW/4 Section 33, T24N, R1W; and N/2 Section 4, W/2 Section 3, and N/2 and SE/4 Section 10, T23N, R1W; approximately 14.82 miles to a line parallel with and 50' normally distant westerly from the centerline of the main track of the Illinois Central Gulf Railroad Company's "Lake Cormorant, Tennessee to Tchula, Mississippi" line in the E/2 said Section 10, T23N, R1W; at approximate "Clarksdale to Swan Lake" line Mile Post LT-105.32; including all interest to properties appurtenant to railroad operations at Tutwiler, Sumner, Webb, Albin, and Swan Lake, Mississippi; excepting therefrom, at Swan Lake, all railroad right of way and property situated East of the aforesaid line parallel with and 50' normally distant Westerly from the "Lake Cormorant to Tchula" line main track.

1. Lease Agreement, made as of the 30th day of December, 1985, between Delta Oil Mill, a Mississippi corporation, and Gulf & Ohio Railway, Inc., a Tennessee corporation, as to the land and property more particularly described in Annex III to within the Mortgage, Deed of Trust and Security Agreement.

2. Lease, made as of the 30th day of December, 1985, by and between Illinois Central Gulf Railroad Company, a Delaware corporation, and Gulf & Ohio Railways, Inc., a Tennessee corporation, as to the land and property more particularly described in Annex IV to the within Mortgage, Deed of Trust and Security Agreement.

Annex VI

The Collateral which is subject to the Permitted Encumbrance described in Annex VII hereto is as follows:

Locomotive. Model GE 80 Ton Ex Delta Oil 99

Annex VII

The Permitted Encumbrance to which is subject the Collateral described in Annex VI hereto is the security interest of Delta Oil Mill, a Mississippi corporation, in said Collateral.

MC297024FL